

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AEC-07 AID-05 CEA-01 CIAE-00 CIEP-02

COME-00 DODE-00 EB-07 FEAE-00 FPC-01 H-02 INR-07

INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 RSC-01 SAM-01

OES-05 SP-02 SS-15 STR-04 TRSE-00 FRB-01 XMB-04 IO-10

PA-02 PRS-01 USIA-15 NEA-09 /131 W

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R 221711Z JAN 75

FM AMEMBASSY BONN

TO SECSTATE WASHDC 7409

INFO USMISSION EC BRUSSELS

USMISSION OECD PARIS

UNCLAS SECTION 01 OF 02 BONN 01109

DEPARTMENT PASS TREASURY AND FEDERAL RESERVE

E.O. 11652: N/A

TAGS: EFIN, GW

SUBJECT: GERMAN PRESS REACTION TO THE WASHINGTON MONE-
TARY AGREEMENTS

1. SUMMARY: GERMAN OFFICIAL SPOKESMEN HAVE CHARACTERIZED THE WASHINGTON MONETARY CONFERENCE AS ONE OF THE MOST USEFUL CONFERENCES OF THIS TYPE IN RECENT YEARS. THE GERMAN PRESS GENERALLY HAS WELCOMED THE RESULTS OF THE CONFERENCE AND CHARACTERIZED THEM AS A FAIR COMPROMISE REACHED THROUGH CONCESSIONS ON ALL SIDES. ONLY THE WEEKLY DER SPIEGEL HAS CHARACTERIZED THE OUTCOME OF THE TALKS AS A DEFEAT FOR THE US WHO HAD TO GIVE UP THE HARD CORE OF ITS ORIGINAL SCHEME. END SUMMARY.

2. ACCORDING TO UPI, CHANCELLOR SCHMIDT TOLD A MEETING OF HIS SOCIAL DEMOCRATIC PARTY THAT BONN HAS AGREED TO THE (IMF AND SOLIDARITY FUND) LOAN SCHEMES IN AN EFFORT
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TO HELP PREVENT THE BANKRUPTCY OF NATIONS SUFFERING

FROM HIGH OIL PRICES. HIS GOVERNMENT REALIZES THE FINANCIAL BURDENS INVOLVED, "BUT WE ARE NOT GOING TO EVADE OUR COMMITMENTS," HE WAS QUOTED AS SAYING. SEVERAL PRESS REPORTS INDICATE THAT FINANCE MINISTER APEL REFERRED TO THE AGREEMENT AS A "COMPROMISE ONE CAN LIVE WITH." IN ANOTHER REPORT, APEL IMPLIED THAT LOSSES REQUIRING RECOURSE TO THE GUARANTEES INVOLVED WILL PROBABLY NOT OCCUR. STATE SECRETARY POEHL OF APEL'S MINISTRY COMMENTED ESSENTIALLY ALONG THE SAME LINES. ACCORDING TO FRANKFURTER ALLGEMEINE AND GENERAL ANZEIGER, APEL CHARACTERIZED THE TALKS AS ONE OF THE MOST SUCCESSFUL MONETARY CONFERENCES OF THE PAST YEARS, STRESSING IN PARTICULAR CLOSE U.S.-GERMAN AS WELL AS FRANCO-GERMAN COOPERATION.

3. FRANKFURTER ALLGEMEINE IN ITS JANUARY 18 ISSUE CARRIED AN EX-WASHINGTON REPORT, NOTING THAT THE CLIMATE DURING THE NEGOTIATIONS WAS EXTREMELY CONSTRUCTIVE AND COOPERATIVE. GENERAL ANZEIGER ON JANUARY 18 REFERRED TO THE MEETING AS AN UNEXPECTEDLY POSITIVE MONETARY CONFERENCE, ADDING THAT WESTERN OIL CONSUMERS ARE NOW READY FOR A DIALOGUE WITH THE OPEC COUNTRIES. COMMENTS IN OTHER DAILY PAPERS NOTED SO FAR IN MOST INSTANCES CAME BEFORE THE CONFERENCE WAS OVER. IN ITS JANUARY 15 ISSUE, DIE WELT OPINED: "EC AND USA MEET HALFWAY." AFTER GERMAN APPROVAL OF THE KISSINGER PLAN THE US WILL AGREE TO EXTENDING IMF OIL FACILITIES AS PROPOSED BY EC. THE FRG NOW APPEARS TO MANY COUNTRIES AS THE "SAVIOR IN DISTRESS," DIE WELT CONCLUDED. ALSO ON JANUARY 15, THE FRANKFURTER RUNDSCHAU WROTE THAT THE SUBJECT OF DISCUSSION AT THE SERIES OF MONETARY CONFERENCES IN WASHINGTON BOILS DOWN TO THE QUESTION OF CONFRONTATION OR COOPERATION WITH OIL-PRODUCING COUNTRIES, ADDING THAT THE MEMBERS OF THE GROUP OF TEN SEEM TO HAVE AGREED ON TRYING TO ACCOMPLISH THE FEAT OF COMBINING THE PLAN

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FOR COOPERATION WITH THAT OF CONFRONTATION. HANDELS-
BLATT ON JANUARY 15 NOTED PROGRESS TOWARD A "MORE
REALISTIC AND PRAGMATIC" KISSINGER-SIMON PLAN AS WELL
AS TO A COMPROMISE IN THE IMF OIL FACILITY ISSUE.

4. THE MOST COMPREHENSIVE EDITORIAL COMMENT SO FAR
APPEARED IN THE JANUARY 20 ISSUE OF THE WEEKLY DER SPIE-
GEL, WHICH CHARACTERIZED THE OUTCOME OF THE WASHINGTON
TALKS AS A GREAT SUCCESS FOR THE GERMANS. ACCORDING TO
THE WRITER, THE SCENE HAD THE APPEARANCE OF PRESSURE
TACTICS WHEN APEL AND KLASSEN WERE FLOWN TO WASHINGTON IN
A U.S. GOVERNMENT PLANE, AN INTERPRETATION OF EVENTS NOT
FOUND ANYWHERE ELSE. KISSINGER HAD SENT BURNS TO HAM-
BURG, ACCORDING TO DER SPIEGEL, TO MAKE HIS PLAN
MORE ACCEPTABLE TO THE GERMANS. HOWEVER, SCHMIDT, APEL
AND KLASSEN TALKED THE "KISSINGER ENVOY" OUT OF IT, EACH
ONE OF THEM ON DIFFERENT GROUNDS. THE FISCAL MAN APEL
FEARED FOR HIS FEDERAL BUDGET. CENTRAL BANKER KLASSEN
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SUSPECTED THAT SUCH SUFFERING COUNTRIES AS ITALY AND
GREAT BRITAIN COULD BE TEMPTED TO REFRAIN FROM STABILITY-
ORIENTED POLICIES AT THE EXPENSE OF THE GERMANS.
CHANCELLOR SCHMIDT CONSIDERED THE PLAN TO BE AN AFFRONT
TO OPEC. BONN QUARTERS FIND THE OIL COUNTRIES MORE
COOPERATIVE THAN KISSINGER WANTS TO MAKE BELIEVE, THE
AUTHOR ASSERTS. THE GERMAN GOVERNMENT YIELDED ONLY ON
A "PRO FORMA" BASIS SO THAT KISSINGER COULD SAVE FACE.
IN REALITY, HOWEVER, THE AMERICANS GAVE UP THE HARD
CORE OF THEIR SCHEME -- COMPLETE EXCLUSION OF THE OIL
PRODUCERS. AS IT NOW STANDS, THE IMF IS TO AID THE

POOR VIA CREDITS FROM THE OIL COUNTRIES, WHEREAS THE
KISSINGER FUND IS TO SERVE ONLY AS A LAST RESORT.
THUS, HE ARGUES, IT IS NO LONGER AIMED AGAINST THE OIL
SUPPLIERS. THE WRITER GOES ON TO EXPLAIN THAT THERE
WILL BE NO GERMAN CASH PAYMENT BUT ONLY A GUARANTEE.
HILLENBRAND

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